

American Recovery & Reinvestment Act Summary

In February 2009, the American Recovery and Reinvestment Act (ARRA) was enacted by Congress and signed into law by the President. The ARRA provides for almost \$790 billion in federal tax reductions and increased federal spending aimed at accelerating the nation's economic recovery.


Tax relief accounts for approximately \$300 billion of the total ARRA package. Major individual tax provisions include the \$8,000 First-Time Homebuyer Credit and Making Work Pay Credit, a refundable tax credit of 6.2% of earned income up to \$400 for individuals and \$800 for married taxpayers. The remaining \$490 billion authorized by ARRA is directed towards additional funding for federal programs like Medicaid and Temporary Assistance For Needy Families, infrastructure (includes highway improvements and modernization of the electric grid), and aid to state and local governments.

It is anticipated that Utah will receive approximately \$1.6 billion in formulary funding through ARRA and even more through competitive grants. Utah families and businesses are expected to experience more than an estimated \$2 billion in tax relief.

About half of Utah's ARRA funding is for the fiscal stabilization of state programs. Utah is receiving \$390 million to mitigate budget shortfalls in public and higher education, and approximately \$280 million in increased funding for Medicaid to maintain healthcare services and to reduce general revenue support for the program which, in turn, can be used to stabilize other budget shortfalls.

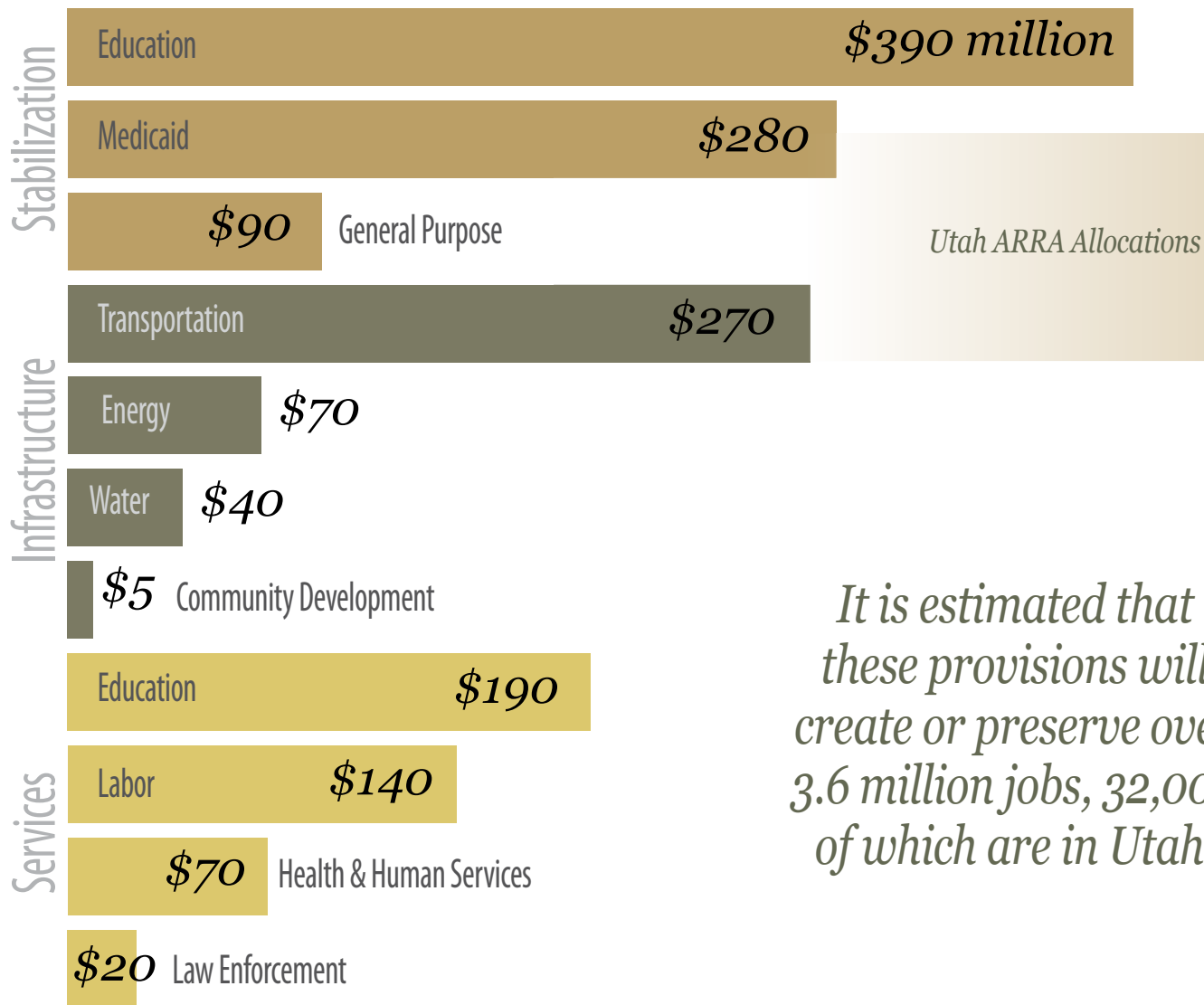
The Governor was also given discretion over about \$90 million in "general stabilization funding." This has been directed toward uses aimed at creating jobs, reducing unemployment, stabilizing and improving Utah's economy, and averting the need to raise taxes, such as investments in the Home Run housing grant program and the Utah Science Technology and Research Initiative (USTAR). In addition to

fiscal stabilization, the ARRA provides for approximately \$385 million in infrastructure investments and \$420 million for public services in Utah.

The President's Council of Economic Advisors estimates that the provisions of ARRA will create or preserve over 3.6 million jobs nationally and approximately 32,000 jobs in Utah. Expenditures and resulting economic effects will be closely monitored over the coming months and years at recovery.gov and recovery.utah.gov. 

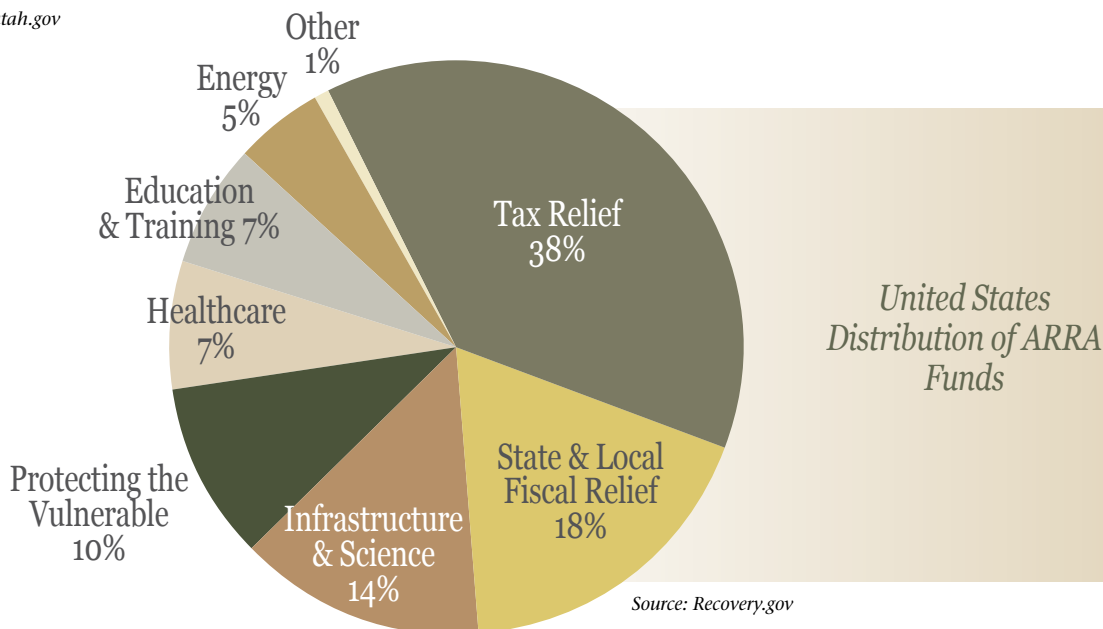
Utah is expected to receive more than \$2 billion in tax relief.





It is estimated that these provisions will create or preserve over 3.6 million jobs, 32,000 of which are in Utah.

Source: Recovery.utah.gov



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